Beginning Steps to Saving for Retirement

By Sue Campbell

If you haven't started saving for retirement in a serious way, you're not alone. New research shows it may be because we think of our future selves as strangers. It makes sense that it's hard to set aside money for a stranger when you can spend it on yourself today.

So the first step to getting serious about saving for retirement is connecting to your future self. Spend some time thinking about what you'd like life to be like in twenty years. Get in the habit of thinking about of your future self as someone you care deeply about.

Now that you're motivated, it's time for the practical steps.

Find out what your employer offers in the way of retirement accounts. If there's a matching contribution for a 401k, make full use of it -- it's free money! Even if there's no match, using an account sponsored by your employer takes some work out of it for you. Spend a few minutes setting up a payroll deduction and your savings is on autopilot with little temptation or opportunity to spend it. Remember to give your savings a raise when you get one. Setting up a new deduction for your retirement account every time you get a salary increase is a great way to boost savings without feeling the impact.

When deciding how much to contribute, start with an amount you're unlikely to miss. Once you see your savings growing, you'll be motivated to add more to your contribution. Many finance professionals recommend saving ten percent of your income for retirement. If you're trimming current costs to hit that target, do so in a way that won't make you feel deprived. For example, instead of cutting all trips to Starbucks, just cut your usual number of trips in half and earmark the rest of the money for a trip to Starbucks for your future self.